

Turnover of Political Appointments in Brazil, 1999 to 2012 – Key Indicators

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1. Introduction

Political economist and sociologist Max Weber presents a characterization of the ideal bureaucracy where he suggests that civil servant's selection and advancement in the career should be primarily based on expertise and qualification: "purely functional points of consideration and qualities will determine his [public servant] selection and career"¹. Although more recent studies suggests that "obtaining a proper balance between both types of personnel systems [politically appointed agency executives and merit-selected subordinates] across the supervisory and subordinate levels of an organization will best foster bureaucratic competence"², the importance of consolidating a merit-based selection system for bureaucrats can hardly be understated³.

Since the promulgation of the new "Citizen Constitution" in 1988, Brazil has advanced a great deal towards Weber's ideal characteristic. In present-day Brazil almost all positions in the civil service are filled by means of very open, competitive

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civil service entrance examinations and career advancement are based on clear, objective criteria, including additional public examinations. Since Brazilian civil service wages and work conditions are very competitive, it attracts important numbers of highly qualified servants. In spite of that progress, there is a small but important part of the public positions that are freely appointed by the President and his Ministers, the so-called “Higher Director and Advisor” positions (henceforth called “DAS”, the Brazilian acronym). Although they correspond to a small part of total civil service, about 4%, these positions are highly valued in the government’s political coalition management,⁴ and play a central decision making role in public policy formulation and implementation in the country⁵, due to their higher hierarchical management position.

Although the present article does not analyze directly the extent to which DAS positions and career advancement follow a meritocratic logic, it does present preliminary results on the occupation and turnover of these DAS positions, calculated for the entire Federal Executive Branch and also disaggregated following several lines, such as per ministry and for each one of the six positions’ hierarchical levels, during a thirteen year period spanning from 1999 to 2012. We hope these preliminary data might shed some light on the political and meritocratic logic of DAS nominations in Brazil, an issue that is relatively poorly explored in the literature⁶.

The studied period encompasses years 1999 to 2012, the second term of Fernando Henrique Cardoso’s presidency, both terms of Luiz Ignacio “Lula” da Silva’s office, and half of Dilma Rousseff’s present term.⁷ The analysis uses an original database, which includes information on every civil servant that occupied a DAS position during the aforementioned period, as described in more detail in the following section, where the methodology and the basic instrumental variables are presented. Next, Section 3 presents turnover figures for the entire Executive Branch and for each one of the six DAS hierarchical levels. Section 4 additionally compares turnover depending on the origin of the servant, i.e., those recruited from a public service career versus those recruited from the private sector and, finally, Section 5 presents our conclusions.

2. Methodology, database and turnover measurement criterion

Table 1 - The basic variables

Variable Name	Description
Employed	Number of employees that occupied DAS positions
Unchanged	Number of employees that remained in the same DAS position as in the previous year.
Changed	Number of employees that changed their DAS hierarchical positions during the year, either receiving a promotion or a demotion.
Hired	Number of employees that were hired in the current year.
Dismissed	Number of employees Number of employees that were dismissed in the current year.

Source: Authors' definitions.

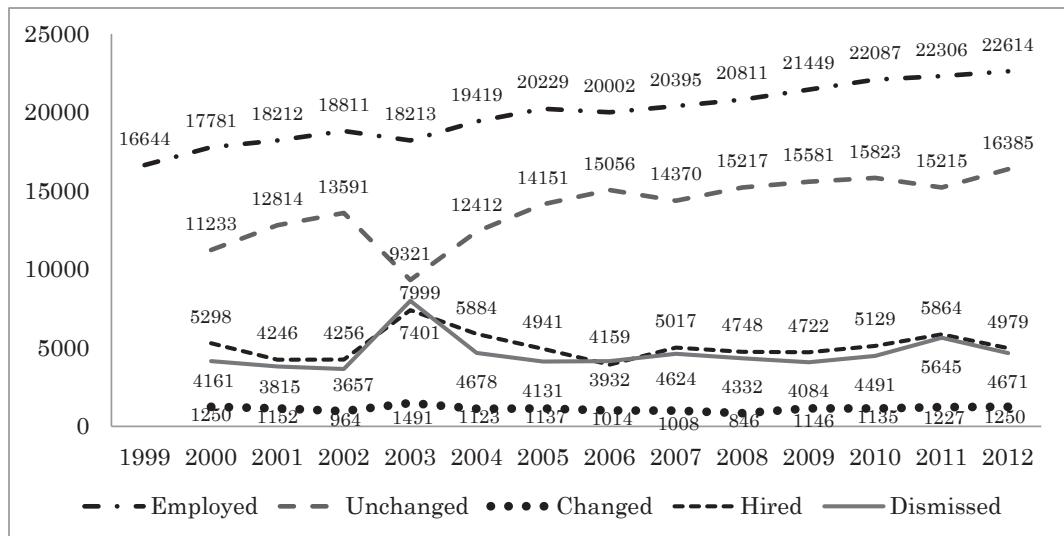
The present study uses detailed data on the yearly employment situation of each public servant that occupied a DAS position⁸ during the period of 1999 to 2012. The data informs the situation in December of each year as recorded in the federal civil servant's information database, the SIAPE.⁹

The aforementioned database allowed us to calculate, for each year, the variables described in Table 1.

Graph 1 presents the calculated values for these variables for the entire Federal Executive Branch, in absolute values, per year. The series show a steady increase in the total number of DAS position, reaching a growth rate of 36% over the period. Furthermore, there was a higher increase in stability, since the number of unchanged nominations increased by 45%. Hirings and layoffs presented stable and similar dynamics with the hiring curve consistently above the layoff curve, except for the years 2003 and 2006 when there were more layoffs than hires.

The striking fact that comes out of that graph refers to the year 2003. In that year, the Executive Branch switched from the Social Democrats (PSDB: Partido da Social Democracia Brasileira) with President Fernando Henrique Cardoso to the Workers' Party (PT: Partido dos Trabalhadores) with President Lula. We can see

Graph 1 - Evolution of DAS positions within the Federal Executive Branch (1999-2012)



Source: Authors' calculations based on the SIAPE data.

massive layoffs that reached 44% of all DAS positions. That observation suggests a clear partisan motive in the appointment of the DAS positions.

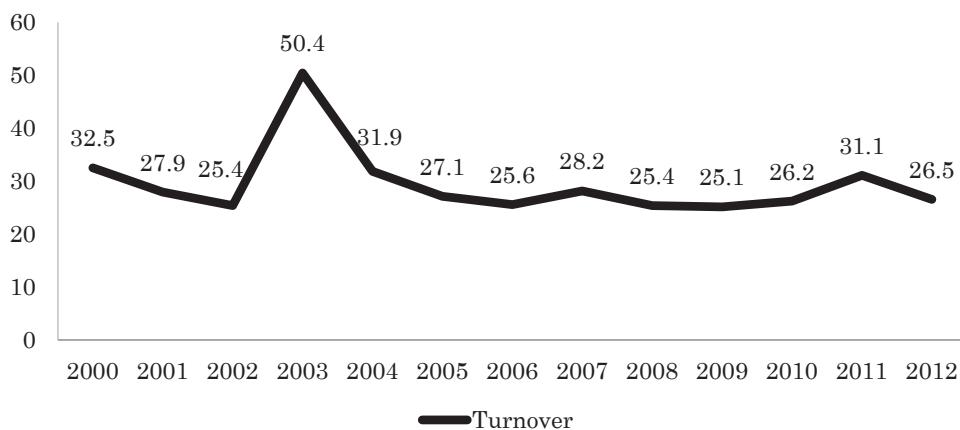
Let us turn now to the calculation of turnover. Human Resources defines turnover as the relation between the number of dismissed employees and the number of hired employees. In other words, turnover is an indicator of the substitution rate of older for new staff, during a given time period. There are different ways to calculate that rate. In the present case, we would like to see no variation in turnover due to new contracts that resulted from an increase in the number of DAS positions. Indeed, if a new department is created in a ministry, for example, the number of DAS would rise, but this does not mean that the turnover rate rose. Therefore, we define turnover as the difference between 100% and the percentage of employees that did not suffer any changes in their DAS position over the year. The indicator is defined according to the expression below where the index t refers to the year, i.e., in order to calculate turnover in year t we compare those who had their professional situation unchanged during that year t with the total of servants employed by the end (December) of the previous year $t-1$.

$$Turnover_t = \frac{Employed_{t-1} - Unchanged_t}{Employed_{t-1}}$$

3. Turnover: aggregate Executive Branch rate and per DAS hierarchical level rates

Graph 2 presents the general (aggregate) turnover rates in DAS positions in the Brazilian federal government Executive Branch between 2000 and 2012. In the first year of Lula's administration (2003) – which is also the beginning of the worker's party (PT) in the presidency – turnover peaked to 50%. In the first year of Lula's second term (2007), turnover attained a second peak of 28%. Dilma Rousseff term's first year presented a slightly higher peak with a turnover rate of 31%. In sum, the largest annual turnover was observed precisely the year Lula took office, while the lowest was at the second year of Lula's second term, similar to the one at the end of Cardoso's administration. The average turnover in the period was approximately 30%, while the standard deviation was almost 7%. The high turnover of 2003 indicates a party-led government, suggesting that the nominations for DAS positions result from a political party shift in the Executive and in the ministries.¹⁰ Furthermore, although turnover rates increased between Lula's and Rousseff's administrations, the level of turnover increase is considerably smaller than the one at the switch of Cardoso's to Lula's administration, which indicates that a presidential change that preserves the same political party in the presidency moderates the degree of turnover (comparing 2003 with 2011).

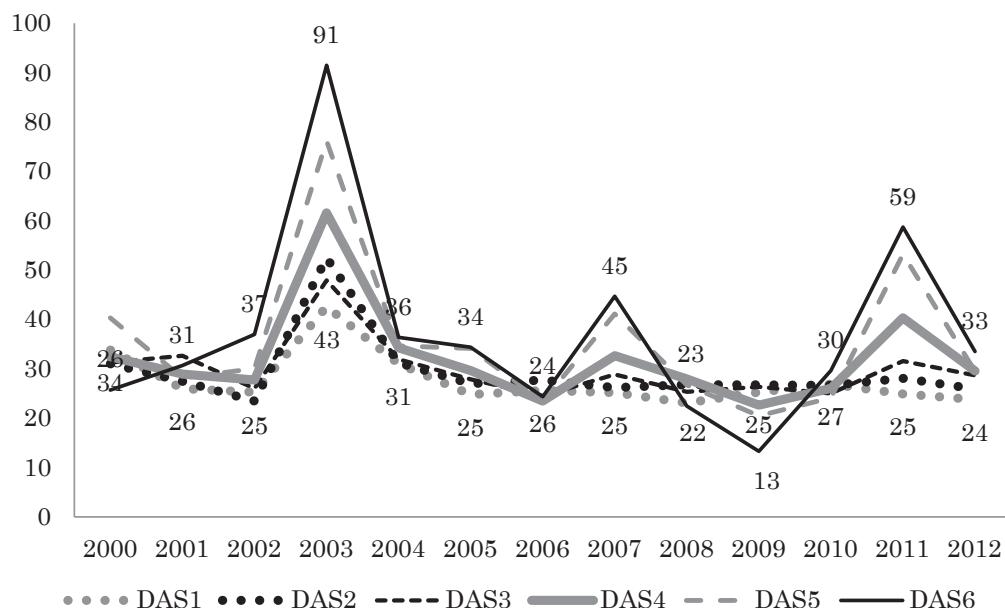
Graph 2 – DAS Positions' Annual Turnover Rates (2000-2012, in %)



Source: Authors' calculations based on SIAPE data.

A natural question arises: does the turnover behavior change according to the hierarchical level of DAS? In other words, are higher-level DAS positions –those positions that have higher pay and are occupied by top managers– more stable than those occupied by lower level managers? Graph 3 indicates that there are significant differences in turnover rates, which are accentuated in the first years of a presidential term: 2003, 2007 and 2011. Note that higher changes are strongly and positively correlated to the level (hierarchy) of DAS positions. For instance, the turnover rate was almost absolute, reaching an impressive 91.5% in the first year of Lula's first term for DAS 6 positions. It is noteworthy that there seems to have been an inversion in turnover during the third year of Lula's second term, when turnover for DAS 5 and 6 were less than that of DAS 1 and 2. Also, the variance of turnover increases almost monotonically from DAS 1 to 6 (standard deviation of 7.25, 6.12, 10, 15.5, 19.72 for, respectively, DAS 1, 2, 3, 4, 5, 6).

Graph 3 – Turnover of DAS, by hierachic level (in %)



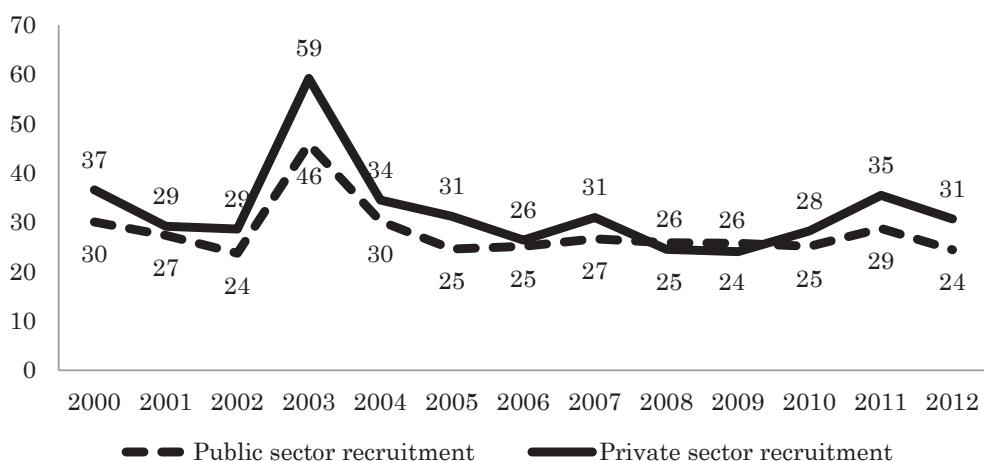
Source: Authors' calculations based on SIAPE data.

4. Turnover by origin of recruitment and by Ministry policy area

The relevance attributed to the discussion on turnover in public positions may be, in part, attributed to the distinct views on vices and virtues of recruiting DAS employees from the public sector careers or from the private sector. On one hand, internal (public sector career) recruiting allows for more expertise and management capacity throughout the policy cycle (Lewis, 2008, 2009 and 2011) as well as possibly lower incentives for corruption (Bugarin and Meneguin, 2013). On the other hand, external selection may allow for renewal and innovation in public administrative practices, as well as reduced inefficiency (Pacheco, 2010 and 2011, Maranto, 1998 and Bugarin and Meneguin, 2013).

Graph 4 decomposes turnover rates by recruitment origin of the occupant of the DAS position, i.e., from within the public sector or from the private sector¹¹. Evidence indicates a significant difference when comparing both categories (over 10% in 2003), with a higher turnover rate for the servants recruited in the private sector in almost all years. When analyzing the 2003-year of party change in the Executive Federal Government, the difference between turnover rates again confirms a party-led shift in DAS post assignment in both categories. The overall lower turnover rate of career servants supports the hypothesis of higher expertise among career servants. It is also in line with the international empirical evidence presented in Suleiman (2003).

Graph 4 – Annual Turnover, by Employee Origin Category: Public or Private Sector (in %)

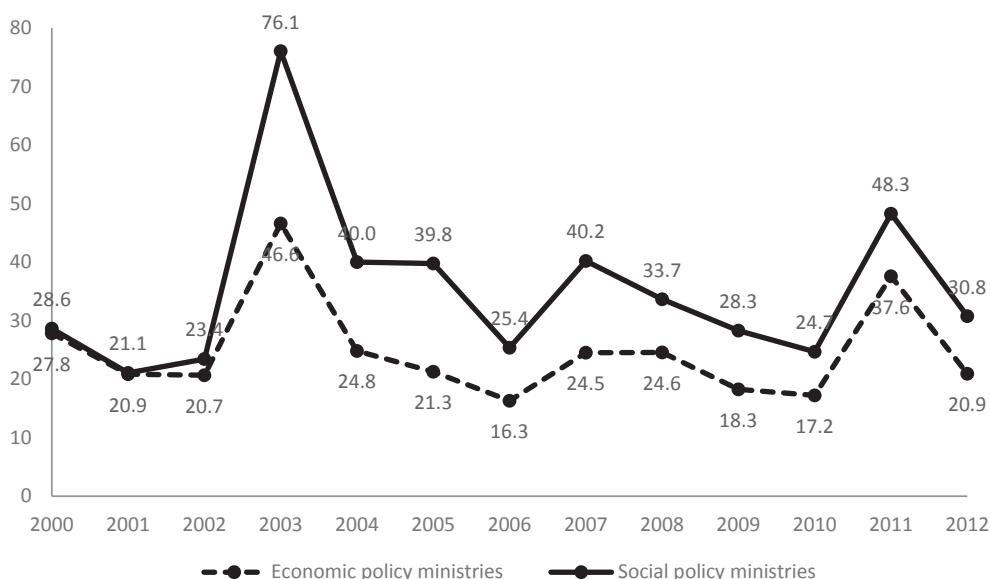


Source: Authors' calculations, SIAPE data.

In addition to the recruitment origin, turnover rates may be affected by the internal characteristic of each ministry. For example, some ministries such as the Ministry of Finance and the Ministry of Science and Technology may require more specialized, area-specific knowledge whereas other ministries, such as the Ministry of Culture, may demand servants with more general skills. In order to illustrate the differences of the ministries' policy areas, we calculated the average turnover rates in two different groups of ministries, one group formed by three ministries that belong to the economic policy area – the ministries of Finance, Planning and International Trade – and another group formed by three ministries that belong to the social policy area – the ministries of Health, Education and Culture.

Graph 5 presents average turnover of higher DAS (4 to 6) positions in the two groups of ministries. The variations follow a dynamic similar to the previous analyzes: a huge peak in Lula's first year of government (2003), and two smaller peaks in the first year of Lula's second term (2007) and of Dilma's present term (2011). Furthermore, two new results must be emphasized. First, there seems to have been a movement towards convergence of turnover rates at lower (around 25%) and similar

Graph 5 – Average Yearly Turnover of DAS 4 to 6 positions per Ministerial Group Type (in %)



Source: Author elaboration, SIAPE database.

levels between the two groups by the end of Cardoso's administration, the first three years in the sample (2000, 2001, 2002). Second, that trend was abruptly cut in the first year of Lula's administration and turnover continued significantly higher in the social policy area ministries as compared to the economic policy area ministries, all over the remaining period, in spite of a gradual reduction in the amplitude of the difference.

5. Conclusion

This article presented key indicators on turnover in Brazilian Federal Executive Branch appointed positions (DAS) over the 1999-2012 period. We explored general turnover as well as turnover according to the hierarchical level of the DAS position, the origin of recruitment of the servant (either recruited from public careers or from the private sector) and the policy area of the corresponding ministry (either economic policy or social policy).

The data shows that turnover rates, as expected, present peaks in first years of a government, even when the same president is reelected, followed by a decrease in the following years of the presidential term. The change may reflect new compositions of the coalition of parties for political support of the president in Brazilian coalitional-government system. The largest peaks in the analyzed series occurred during the presidential and party change, from Cardoso to Lula, when there was a turnover of 50% in DAS positions. When we restricted the analysis to higher hierarchy of DAS positions, the turnover rate reached impressive 90% figures. The result indicates a party-led change in DAS occupation, in other words, changes in the presidential party led to relevant staff re-composition of DAS.

Also, higher-level DAS are more subject to turnover, which contradicts the common idea that lower level DAS (1 to 3) are more subject to change because they are more easily negotiable. That result may be due to the difficulty of attracting professionals from a manager's political-personal networks to Brasilia for lower-pay DAS positions (1 to 3), due to high transaction costs of moving and adapting to the new work environment. It may also be due to the nature of these positions that require a series of routine administrative activities focused on government

agency management, demanding higher stability of DAS 1 to 3 level public servants (independently of the electoral partisan change at the presidency).

Furthermore, in general, the origin of recruitment of DAS positions lead to differences in turnover levels between those recruited from the public service and the private sector, in which turnover is consistently higher for DAS positions occupied by servants coming from the private sector. This result might indicate that a higher qualification of public career servants would lead to their lower turnover, in spite of political changes.

Finally, there appears to be a difference in turnover rates according to the type of ministry when we compared ministries in the economic policy area with ministries in the social policy area. In general we found that the (possibly) more technical DAS positions in the economic policy area are more stable, with lower turnover rates than those in the possibly less technical DAS positions in the social policy area. Further studies are needed in order to explain the different turnover rates. A possible explanation could be that the economic policy area's ministries demand servants with a higher level of specialization, which is in lower supply, making the cost of firing higher to the managers.

The present work constitutes an initial exploration of turnover in the federal public sector of Brazil and need to be extended in various directions. First, we would like to circumvent the lack of quality data for periods prior to 1999, in order to include at least a second period where there was a change of party in the president's office. That would require data starting from 1994. Furthermore, we would like to include the 2013 data as soon as it becomes available. Second, the data indicates a number of stylized facts, which lead naturally to a series of hypothesis regarding the conditioning factors of turnover in DAS positions in the country. A natural extension asks for developing an econometric strategy to test those hypotheses. These extensions are left here as suggestions for future research.

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Notes

- 1 Weber (1978), p. 961.
- 2 Krause et al. (2006).
- 3 See the seminal work by Heclo (1975, 1977), or the more recent work by Lewis (2008, 2009, 2011).
- 4 Praça et al. (2012).
- 5 Pacheco (2010) and (2011).
- 6 Except for Praça et al. (2012), which studies the relationship between political appointments and coalition formation with a database spanning from 2007 to 2010.
- 7 SIAPE has informed the researchers that reliable data are only available from 1999 onwards.
- 8 The Higher Director and Advisor Positions (DAS) divide in two categories: higher management positions (DAS 101) and higher advisory positions (DAS 102). Both categories are subdivided into six

levels (DAS 1 to 6).

9 The authors are grateful to the civil servants of the Secretariat of Public Management of the Ministry of Planning, Budget and Management (SEGEPE/MPOG) - Edi Maciel, Paulo Caserta Vasconcellos, Glória Nunes e Márcio Silva.

10 This evidence is corroborated by analyzing the turnover rates in DAS positions of the ministries were a minister was replaced by a new minister of the same party or by a new minister from a different party (cf. Lopez, Bugarin & Bugarin, 2013).

11 According to SIAPE, public employees include “active or inactive personnel, in a government gancy in any of the Powers: federal, state, municipal or district, public and mixed capital companies, including military.” (SEGEPE, 2013, p. 175)

12 See, on the subject, Chapter XI of Weber (1978).